

In the Matter of the Deregulation of the
Installation and Maintenance of Inside Wire,
based on the Second Report and Order in FCC
Docket 79-105 Released February 24, 1986

ISSUE DATE: December 3, 1987

DOCKET NO. P-999/CI-86-747

ORDER AFTER RECONSIDERATION

PROCEDURAL HISTORY

On August 11, 1987, the Minnesota Public Utilities Commission (Commission) issued its Order Requiring Rate Reductions in the above entitled matter. The Order required, in part, that those telephone companies which had not previously reduced their rates to reflect the deregulation of inside wire do so within 30 days. The Order also required the Department of Public Service (DPS) to submit a report regarding telephone company compliance with all Commission Orders in this matter within 60 days of the date of the Order.

The DPS submitted its Second Report On Telephone Company Compliance in this matter to the Commission on October 12, 1987. The DPS Report indicated that 20 telephone companies were not in full compliance with all Commission Orders in this matter. The DPS indicated that it was working with 13 of the companies to bring them into full compliance.

The DPS stated that the other seven companies had requested reconsideration of the Commission's August 11, 1987 Order. The DPS Report contained its recommendations on each company's request. The Report also urged prompt consideration of these requests by the Commission, to facilitate prompt compliance by the companies with the Commission's Orders.

The Commission met on Wednesday, November 4, 1987, to consider the DPS Report, the written filings of the companies, and the seven requests for reconsideration.

Upsala Telephone Company (Upsala) filed proposed tariff pages meeting the requirements of the Commission's December 31, 1986 Order. In its compliance filing, Upsala also requested permission to establish alternate demarcation points in those cases in which they are requested by customers. Offering alternate demarcation points requires an exception to the Commission's December 31, 1986 Order, which establishes a single demarcation point policy for all contiguous property owned by the same owner.

The DPS indicated that the Commission had granted a similar request from Northwestern Bell Telephone Company (NWB) in an Order that addressed this issue dated September 24, 1987. The DPS recommended that Upsala's request be approved under the same terms and conditions.

The Commission finds that Upsala's request for permission to establish alternate demarcation points should be granted for the reasons set forth on pages 4 through 8 of the Commission's September 24, 1987 Order for NWB. This decision does not obviate the general requirement that Upsala establish a single demarcation point for all customers. Upsala is instructed to adhere to the single demarcation point policy to the maximum extent possible. Upsala may provide alternate demarcation points only when specifically requested by customers and subject to the following additional requirements:

1. The costs of any new or additional cabling or wiring required to install or reinforce a secondary demarcation point in an existing or new building shall be paid by and recovered from the customer requesting the alternate demarcation point;
2. Alternate demarcation points shall be used to provide exchange access service only and may not be used to provide interbuilding telecommunications other than by the completion of regularly dialed local exchange calls;
3. Upsala and the customer shall establish the location of the main and alternate demarcation points, if any, when Upsala reinforces the cabling and wiring serving a customer; and,

General Telephone Company (General) requested reconsideration of the Commission's August 11, 1987 Order Requiring Rate Reductions. That Order required General to reduce its monthly rates for local exchange service by one cent per customer. General argued that the company's actual cost saving associated with the deregulation of inside wire is less than one cent per customer, and that the one cent amount indicated in the Order was the result of computer rounding. General argued that since the Commission's Order did not require companies with cost savings of less than one cent per customer per month to reduce their rates, General should not be required to reduce its rates.

The DPS reviewed General's calculations, agreed that the one cent figure resulted from computer rounding, and recommended that the Company's request for reconsideration be approved.

The Commission finds that the cost savings associated with the deregulation of inside wire for General Telephone Company are less than one cent per customer per month. In the August 11, 1987 Order the Commission found that rate reductions of less than one cent per customer per month are de minimis and unnecessary. The Commission will therefore grant General's request for reconsideration of the August 11, 1987 Order and rescind the requirement that General reduce its rates for the aforementioned reasons.

III. Deer River, Paul Bunyan, and Osakis Telephone Companies

Deer River, Paul Bunyan, and Osakis telephone companies separately sought reconsideration of the Commission's August 11, 1987 Order Requiring Rate Reductions. These companies did not dispute the need for a rate reduction to reflect the reduction in costs associated with the deregulation of inside wire. They stated, however, that their original rate reduction calculations, upon which the Commission's August 11 Order was based, were inaccurate. Those calculations had inadvertently included non-inside wiring expenses as inside wiring expenses, resulting in larger rate reduction proposals that were appropriate.

The companies' recalculations of their inside wiring expenses resulted in the following rate reduction proposals. Deer River proposed a reduction of 23 cents per customer per month, instead of the 86 cents originally proposed. Paul Bunyan proposed a reductions of 21 cents instead of the 42 cents originally proposed. Osakis proposed a reduction of 15 cents, instead of the 40 cents originally proposed.

The DPS reviewed the companies' respective proposals to determine the reasonableness and accuracy of their accounting procedures, and their calculations. The DPS found the companies' procedures and calculations reasonable and recommend the adoption of the companies' revised rate reduction proposals.

IV. Wikstrom Telephone Company

Wikstrom Telephone Company requested reconsideration of the August 11, 1987 Order as it related to Wikstrom's rates. Wikstrom argued that the required rate reduction of 19 cents per customer per month was insignificant. Wikstrom also argued that the rate reduction should be offset by rate increases resulting from the 1984 interLATA access charge proceeding and from the establishment of 911 emergency telephone service. Both rate increases were authorized but not implemented by the Company.

The DPS indicated that the Commission had addressed the issue of how large a reduction was significant in the August 11, 1987 Order Requiring Rate Reductions. That Order required reductions if the amount at stake was equal to or in excess of one cent per customer per month. The DPS supported that determination and concluded that it applied to Wikstrom.

The Commission rejects Wikstrom's argument that the previously ordered rate reduction of 19 cents per customer per month is insignificant for the reasons set forth on pages 4 through 6 of the August 11, 1987 Order in this matter.

The Commission notes that it need not approve any offsetting rate increase adopted by Wikstrom and concludes that the Company's request for reconsideration should be denied.

V. Danube Telephone Company

Danube Telephone Company initially requested reconsideration of the August 11, 1987 Order Requiring Rate Reductions. Danube argued that its current level of rates was necessary to support the Company's loans. Danube subsequently withdrew its request for reconsideration after discussions with the DPS.

VI. Further Report Regarding Telephone Company Compliance

The DPS indicated in its October 12, 1987 Second Report On Telephone Company Compliance that 13 telephone companies not seeking reconsideration were not in compliance with previous Commission Orders in this matter. Further, the DPS indicated that it was working with these companies to bring them into full compliance. The Commission is concerned that all parties comply with its lawful orders. Therefore, the Commission will direct that the DPS submit a further report regarding telephone company compliance with the Commission's Orders in this matter.

Order in this matter is granted. Upsala shall submit revised tariff pages reflecting the terms of this Order to the Department of Public Service within 20 days of the date of this Order.

2. The request of General Telephone Company for reconsideration of the August 11, 1987 Order in this matter is granted. The previously ordered rate reduction for General Telephone Company is rescinded.
3. The request of Deer River Telephone Company for reconsideration of the August 11, 1987 Order in this matter is granted as discussed herein. Deer River shall submit revised tariff pages reflecting the terms of this Order to the Department of Public Service within 20 days of the date of this Order.
4. The request of Paul Bunyan Telephone Company for reconsideration of the August 11, 1987 Order in this matter is granted as discussed herein. Paul Bunyan shall submit revised tariff pages reflecting the terms of this Order to the Department of Public Service within 20 days of the date of this Order.
5. The request of Osakis Telephone Company for reconsideration of the August 11, 1987 Order in this matter is granted as discussed herein. Osakis shall submit revised tariff pages reflecting this decision to the Department of Public Service within 20 days of the date of this order.
6. The request of Wikstrom Telephone Company for reconsideration of the August 11, 1987 Order in this matter is denied.
7. The request of Danube Telephone Company for reconsideration of the August 11, 1987 Order in this matter is withdrawn at the request of the Company.
8. The Department of Public Service shall submit, within 30 days of the date of this Order, a further report of telephone Company compliance with all Commission Orders in this matter.
9. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

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